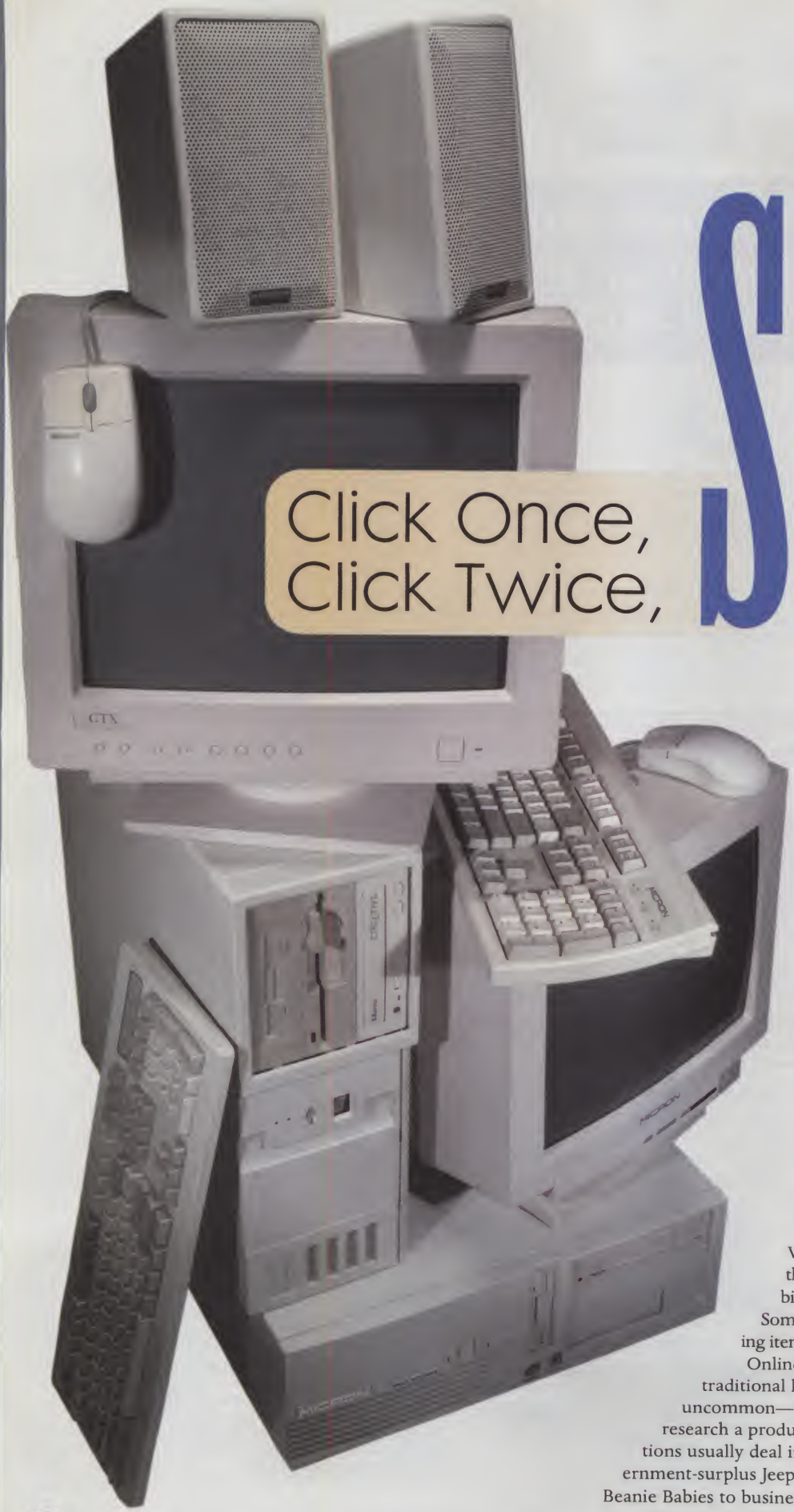


Click Once, Click Twice, Sold!

Online auction sites let you bid your way to a bargain PC.

BY KEVIN SAVETZ

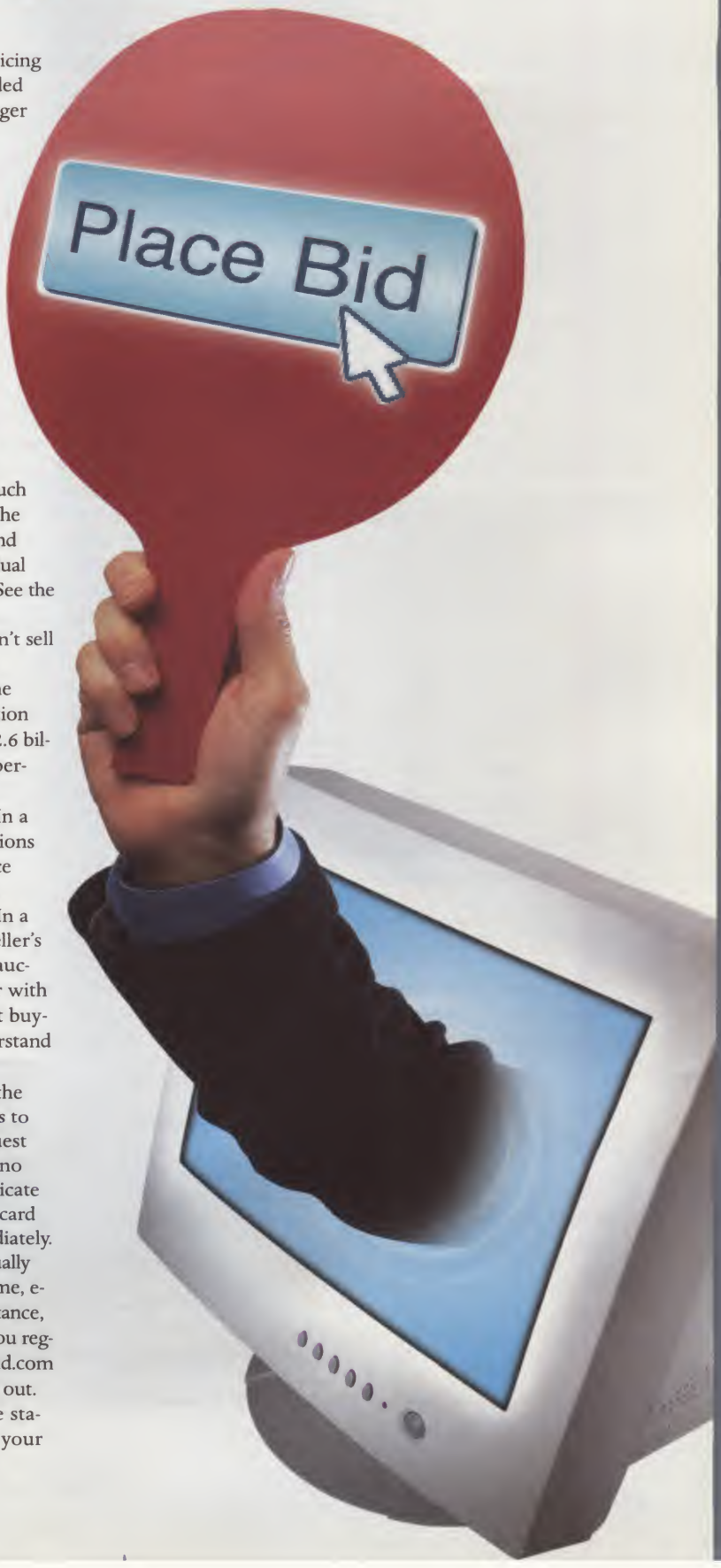
It may not have the fastest processor or the largest hard drive, but that 500MHz Pentium you saw at auction may be all the PC you need. Some careful research and the proper amount of restraint, and you can get it at a great price. The term "auction" conjures images of the well-dressed and well-heeled raising numbered paddles while a fast-talking auctioneer coaxes bids ever higher. In an online auction, the fast-talking auctioneer is replaced by a Web server, which also does its part to keep those bids coming. Some generate automatic bid alerts; others send e-mail auction schedules. Some even let you create a personal page displaying items matching your personal wish list.

Online auctions move at a slower pace than the traditional kind—a week from start to finish is not uncommon—but this gives bidders plenty of time to research a product's true worth. And while traditional auctions usually deal in rare art, celebrity memorabilia, or government-surplus Jeeps, online auctions offer up everything from Beanie Babies to businesses, vintage automobiles to vacation pack-

PC AUCTIONS

ages, and everything in between, including computers.

If you're looking for a good deal on a PC, you'll find an enticing variety of deals, from dirt-cheap 75MHz Pentiums to fully loaded 700MHz Pentium IIIs. You'll even find parts for systems no longer available in retail channels. Need a 20MB MFM drive for your aging XT or a NuBus graphics card for an old Mac? Chances are you'll find it at an online auction.



AUCTION ACTION

Consumers' affection for online auctions is strong and growing stronger. In 1998, 3 million U.S. consumers participated in online auctions, resulting in $1.4 billion in sales, according to Forrester Research. By 2003, these figures are expected to rise to 14 million consumers and $19 billion in sales.

Auctions have gone a long way toward keeping sidelined silicon out of the nation's landfills, and aging relics out of the family garage. The two basic types of consumer auctions are person-to-person (P2P) and business-to-consumer (B2C). In a P2P auction, such as on eBay, anyone can buy or sell merchandise. The site handles the auction, and the bidder and seller arrange privately for payment and shipping. This can be risky, because you may not know the individual you're buying from, so you need to take the proper precautions. (See the sidebar "Scam Alert.")

Businesses often use B2C auctions to liquidate stock they can't sell as new, such as customer returns or in-store display units, or to unload off-lease systems or older hardware that's lingered on the shelf too long. The category represents 30 percent of total auction sales, and by 2003 that percentage will rise to 66 percent, or $12.6 billion, according to Forrester. Computer hardware makes up 75 percent of the B2C auction market.

The rules for auctions vary depending on the auction type. In a standard auction, for instance, the highest bid wins. Dutch auctions are used to sell multiple units of the same product, and the price tends to go down instead of up as the auction progresses. In an express auction, the bidding time is usually limited to an hour. In a reserve auction, the winning bidder must meet or exceed the seller's predetermined price. This is not to be confused with a reverse auction, in which a buyer posts a request for an item, and the seller with the lowest bid wins. There are also private auctions, which limit buyers' and sellers' access to certain products. Make sure you understand how an auction works before you start bidding.

Regardless of the auction type, a few rules are universal. In the case of equal bids, the first one posted wins. Bidders have access to detailed product specifications and usually photos, and can request additional information from the seller. If your bid wins, there's no backing out. If you do, the site may mark your e-mail ID to indicate you're a poor risk to the seller. Some sites even require a credit-card number before bidding, so they can charge winning bids immediately.

All sites require you to register before bidding. Registration usually means selecting a username and password, and providing your name, e-mail address, and, in some instances, a credit-card number. For instance, eBay requires a credit-card number for "verification purposes" if you register using an anonymous e-mail address. B2C sites such as Egghead.com require a credit-card number to ensure winning bidders don't back out.

The sites also offer personal pages where you can track the status of your auctions. Most sites send e-mail confirmations of your bids and notify you when you've won an auction. Some even

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inform you when you've been outbid.

Most auctions offer a proxy bidding system. In this case the server does your bidding for you so you don't have to stay glued to your computer for the duration of the auction. You indicate the maximum you're willing to pay, and the server starts you off at the current high bid. The server then incrementally increases your bid to keep you in the auction and stops when it reaches your maximum. For instance, if you're willing to pay $400 for a 400MHz Pentium II desktop system, and the current high bid is $100 and the minimum bidding increment $10, the system will bid $110. If Bob in Tulsa bids $125, the proxy raises your bid to $135. If the auction ends at that point, you'd snag the system for $135. But if the bidding exceeds $400, you'd be out of the running. This can happen quickly if you're bidding against another proxy bidder, because incremental bid increases occur instantaneously. If your maximum is reached before the end of the auction, you'll receive an e-mail alert asking if you want to place another bid.

Some B2C auction sites, such as Egghead.com, offer express auctions that are over in about an hour.

BIDDING LESSONS

Even if you're not using a proxy, the stakes can get high. A lot of inexperienced bidders end up paying more than an item's worth because they got caught up in a frenzied bidding war. Here's a list of tips that can keep you from paying too much for that 75MHz dinosaur:

1. ***Know the rules.*** Make sure you know the type of auction you're participating in and familiarize yourself with the rules.
2. ***Stick to your guns.*** Before you even think about placing a bid, determine what the item's worth by checking sites that monitor auction prices, such as Auction Watchers ***(www.auctionwatchers.com)***, which deals strictly with computer equipment. Or see what a brand-new version of the item would go for by checking comparison-shopping sites such as our own computershopper.com. Write down the specs you're looking for and your maximum price before you start bidding, and don't go over that amount. It's easy to develop an emotional attachment to an item after you've invested so much time researching, selecting, and bidding, but a disciplined buyer walks away when the bidding goes too high.
3. ***Know what you're getting.*** Make sure you know whether the PC you're bidding on is new, used, or refurbished. If it's refurbished, the seller warrants that it's been repaired and tested; a used computer may be sold as is, complete with caked-on dust and coffee-mug rings. If your system or one of its components is dead on arrival or even terminally ill, make sure the seller will either refund your money or fix the problem. Keep in mind many individuals sell goods as is, and most B2C sites charge restocking fees on returns.

HOW TO AVOID

Nobody loves an online auction more than a scam artist. Indeed, almost nine out of 10 Internet scam artists prefer auctions to any other Internet venue, according to Internet Fraud Watch ***(www.fraud.org)***. In 1999, online auction sales accounted for 87 percent of Internet frauds reported to IFW, up from 68 percent in 1998.

This doesn't mean you should rule out auctions. You just have to take some common-sense precautions, particularly at P2P sites, where your exposure is greatest.

- ***Verify.*** Check a seller's phone number and physical address using one of the numerous online directories such as Bigfoot, InfoSpace, Switchboard, or WhoWhere. If you can't find it, and the seller won't give it to you, do your bidding elsewhere.
- ***Be wary of private sellers.*** Not long ago, the FTC took action against a man using

WHERE TO BID ON A PC

The Web is home to a number of auctions that specialize in computer products, but that doesn't mean you won't find a bargain PC at a site that also sells Beanie Babies. Here are some of the best places to find computer products.

PERSON-TO-PERSON

- **Amazon.com Auctions *(auctions.amazon.com)*** hosts P2P auctions in a wide range of categories, including computers and software. Amazon Alerts sends e-mail when new auctions match your keywords.
- **EBay *(www.ebay.com)***, the market leader in P2P auctions, offers systems of every ilk, from shiny new PCs and Macs to 8086s to dusty old Commodore 64s. On a given day, more than 70,000 computer auctions could be in progress. Community features include message boards and optional About Me pages for both buyers and sellers. EBay insures all items for up to $200 at no charge.
- **Haggle Online *(www.haggle.com)*** offers roughly 3,000 computer-related items in nearly 40 categories, and it has been around since the early days of Web auctions. This P2P site is small but offers enough items to keep bidders interested.
- **Yahoo Auctions *(auctions.yahoo.com)*** holds approximately 30,000 hardware auctions on any given day. Like eBay, the site offers a colossal variety of stuff. Bidders can leave feedback, and sellers can block delinquent bidders from their auctions.

BUSINESS-TO-CONSUMER

- **CNET Auctions *(auctions.cnet.com)*** offers both P2P and B2C auctions. The selection is diverse and plentiful, and you can find a PC for a pretty good price.
- **Dell Auctions *(www.dellauction.com)*** offers desktops, notebooks, peripherals, and software. You'll find off-lease and customer-returned Dell products, as well as P2P items from other manufacturers. The site is part of a co-op of auction sites called FairMarket. Items sold on one FairMarket site can be cross-listed on several other auction sites. Microsoft's auction site ***(auctions.msn.com)*** is also in the FairMarket network, but Dell's site is a better bet for computer shoppers.
- **Egghead.com,** which recently joined forces with Onsale, augments its traditional Web storefront with auctions on new and refurbished PCs and components, software, upgrades, and accessories. Its express auctions, which last an hour,

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GETTING SUCKERED

online auction houses to sell new and used computers. Winning bidders paid as much as $1,450 per computer, but received neither the goods nor a refund. Nefarious sellers drift from site to site auctioning off nonexistent goods. Most consumer-protection laws don't cover private sales, so if you buy one of these phantom PCs, you could be out of luck. Protect yourself by paying by credit card or using an escrow service. (See No. 7, "Check the payment options.")

- ***Ask questions.*** Find out when the seller will ship your computer, and make sure it's insured. Keep copies of all correspondence with the seller, as well as the actual product listing on the site.
- ***Watch out for shills.*** EBay recently canceled the $135,805 sale of an abstract painting after it discovered the seller bid on the painting himself using an alias. The practice, known as "shilling," is used to artificially drive up the price of an item. Detecting shills isn't easy, but there are some things you can do. If the site allows, check the registration information on the bidder to see if it's a little too similar to the seller's. If you suspect a shill, report it. Sites' punishment of shills can range from banning them forever to none at all. EBay banned the seller of the painting for 30 days. Your best defense against shills is to stick to your original price target.
- ***If it sounds too good to be true...*** In a recent scam involving a $2,000 video camera, an auctioneer offered to sell it directly for $1,299. The seller would then open an account at an online merchant using personal information provided by the buyer, then purchase the camera using a stolen credit-card number. The buyer gets stuck with stolen merchandise, the person whose credit card was stolen gets hit with a $2,000 charge, and the seller gets an untraceable check for $1,299. The bottom line: If a deal sounds too good to be true, it probably is.
- ***Complain.*** If you do get ripped off, report the crime to the site, or even the police. EBay insures all losses for up to $200. Amazon.com covers losses up to $250 if your item bears the Amazon.com A-to-Z Guarantee logo, and $1,000 if you paid using Amazon.com Payments. If you bought the item from a B2C auction, you can file a complaint with the Better Business Bureau ***(www.bbb.org)***. The BBB might be able to provide mediation and arbitration to resolve the problem. At the least, post your comments about the seller in the feedback forum. This won't get you your money back, but you may spare someone else a similar fate.

For more advice on avoiding auction scams, check out Internet Fraud Watch's Online Auction Tips at ***www.fraud.org/internet/intset.htm.*** —*Nancy A. Lang*

4 ***Check the forums.*** You can reduce your risk of getting burned by checking into previous buyers' experiences. Most auction sites have feedback forums where buyers post their comments about a seller, both positive and negative. Some, such as eBay, incorporate a star rating system. Keep in mind, however, that disreputable sellers have been known to post complimentary reviews using phony e-mail addresses.

5 ***Don't assume.*** When reading the online description of a system, don't take anything for granted. Don't assume, for instance, that a computer comes with RAM or a hard drive. Stripped systems are not uncommon and will require additional components and the expertise to install them. Make sure all the components you need are listed in the description—CPU, RAM, hard drive, graphics card, power supply, and CD-ROM drive. If you have a question about the system, e-mail the seller before you place a bid.

6 ***Don't forget the extra charges.*** As with most online orders, shipping charges are not included, and shipping computers can be costly. Before you place a bid, check the site's terms and conditions regarding additional fees. On P2P sites, these charges can be hard to pin down. B2C sites usually spell out the details on shipping charges as well as sales tax. If necessary, e-mail the seller asking for the weight of the item, then use a Web shipping calculator to estimate the charges. Both United Parcel Service ***(www.ups.com)*** and the United States Postal Service ***(new.usps.com)*** offer online shipping calculators. Some sellers may even add a packing or handling charge; if so, it should be spelled out in the listing.

7 ***Check the payment options.*** Before you bid, check to see what types of payments the seller accepts. Businesses typically prefer (and often insist on) credit-card payment. This is to your benefit as well, because it gives you the right to put an item in dispute if you're not satisfied. Some individual sellers also accept credit-card payments, but most accept only checks, money orders, or cash on delivery. These methods of payment don't offer you much protection in the event of a problem, so look for alternatives. Online payment services such as PayPal ***(www.paypal.com)*** and eMoneyMail ***(www.emoneymail.com)*** let you pay by credit card when the seller won't accept cards.

For added protection, consider an

home | my eBay | site map | sign in
Browse
Sell
Services
Search
Help
Community
basics
buyer guide
seller guide
my info
billing
rules & safety
WIN a trip to the Sydney 2000 Olympic Games!
Search
Smart Search
Search titles and descriptions
Buyer Introduction
BILLPOINT
Sell Quick. Buy Smart. That's the Point
The eBay way to pay.
Billpoint is simply the smartest way for buyers to pay for eBay items. All winning bidders can use Billpoint free to purchase eBay items with a credit card when Billpoint is offered.
VISA

Winning bidders on popular auction site eBay can take advantage of the company's Billpoint online payment system to pay for items by credit card.

offer a convenient way to make a fast deal. The site accepts only credit-card payments.

Outpost Auctions ***(www.outpostauctions.com)***, an arm of the traditional catalog and Web retailer, is dedicated to computers and peripherals. The selection is small, but the site is easy to navigate and worth perusing. Most products are covered by a 30-day money-back guarantee, there are no handling fees, and the company picks up the first $100 in shipping charges.

UBid ***(www.ubid.com)*** offers everything from computer products to travel packages. It's easy to find auctions that are ready to close, so you won't have to wait too long to find out if you're a winner. The Off-Lease Computers area offers a constantly changing catalog of pre-owned PCs, and the Auction Alerts newsletter sends e-mail announcements of new auctions. The company even hosts several business-to-business industrial auctions. UBid accepts credit-card as well as open-account payments (for corporations).

ZDNet Auctions ***(auctions.zdnet.com)***, one of the largest computer-specific auction sites, features refurbished items from both businesses and individuals. (ZDNet is *Computer Shopper's* parent company.) Auction Alert, a weekly newsletter, notifies subscribers of hot new listings and auction features. —*K.S.*

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HOW TO BE A WINNING SELLER

Now that you've won the bid on that shiny, almost-new Pentium III on eBay, what are you going to do with your own piece of yesterday's bleeding-edge technology? That slothful old 200MHz PC may be just what little Sally from Chattanooga needs in a first computer. But before you put it up for auction, follow these guidelines to ensure you get what you deserve.

- ***Be realistic about your selling price.*** With new 800MHz systems selling online for around $2,500, don't kid yourself into thinking your 200MHz Pentium will fetch $1,000. While researching this story, we found a Quantex 200MHz Pentium Pro up for grabs. With only 30 minutes left in the auction, only nine bids had been placed, and the current high bid was only $171.

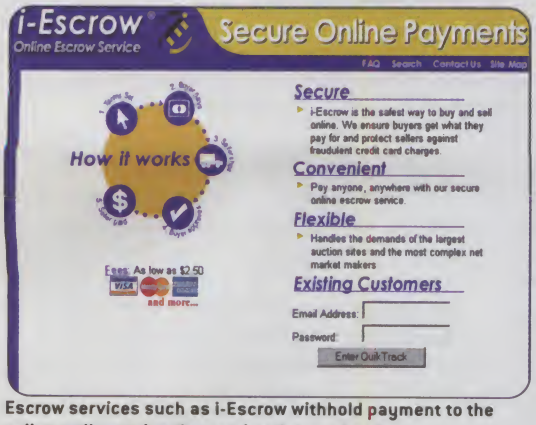
If you set your minimum price too high, you might not get any bidders at all. On the same day, we found a 200MHz Compaq Prolinea at auction with a minimum bid of $200. With one day and 10 hours left to go in the weeklong auction, no bids had been placed.

Before you put your system up for auction, do some comparison-shopping on other auction sites to see what the bidding's like on systems similar to yours.

- ***Pick an active site.*** Don't choose an auction site simply because it's free. Look for one that attracts a decent number of sellers and bidders. Some sites keep a running total of the number of products on offer. On the day we checked eBay, for instance, it counted more than 147,000 computer products up for grabs, and more than 3,000 PCs.
- ***Add in the extras.*** Most auction sites charge fees to list items. (See the table.) Make sure to factor these in before setting a minimum price. You can also set a reserve price, or a minimum price below which you're not willing to sell. If the highest bid is too low, you may be better off donating the system to charity.
- ***Take pictures.*** Auction items have a better chance of selling if bidders can see what they're getting. Along with a picture or two, include a detailed description of the system, flaws and all.
- ***Spell everything out.*** Make sure you include warranty details and your payment terms in your listing. If a bidder e-mails a question, respond promptly.
- ***Ship carefully.*** When it comes time to ship (after the check clears), pack the system up carefully with lots of padding, and insure it. If you prefer, you can leave this chore to a reputable shipper. The buyer pays these costs, but make sure you determine the amount in advance and spell it out in the listing. For a rough estimate of shipping costs, use a guide such as iShip.com. —*K.S.*

WHAT YOU'LL PAY TO SELL

Amazon.com Auctions	10 cents per auction, plus 5 percent of the final bid
CNET Auctions	$1 for a standard listing, plus 3 to 5 percent of the final bid
Dell Auctions	2 to 4 percent of the final bid
EBay	25 cents to $2 per auction, plus 1.25 percent to 5 percent of final bid
Haggle Online	Basic listings are free; featured listings cost $12.95 for 48 hours
Yahoo Auctions	Basic auctions are free; featured listings cost 25 cents per day
ZDNet Auctions	1.25 percent to 5 percent of the final bid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Online Escrow Service
Secure Online Payments
FAQ Search Contact Us Site Map
How it works
Secure
i-Escrow is the safest way to buy and sell online. We ensure buyers get what they pay for and protect sellers against fraudulent credit card charges.
Convenient
Pay anyone, anywhere with our secure online escrow service.
Flexible
Handles the demands of the largest auction sites and the most complex net market makers
Existing Customers
Email Address:
Password:
Enter QuikTrack
Escrow services such as i-Escrow withhold payment to the seller until you give the service the go-ahead.

escrow service, such as i-Escrow *(www.iescrow.com)*, SecureTrades *(www.securetrades.com)*, or Tradesafe *(www.tradesafe.com)*. For a percentage of the transaction amount, an escrow service acts as an intermediary, protecting both buyer and seller. You send payment to the escrow agent (most accept credit cards), which then notifies the seller that payment has been received. The seller then ships you the merchandise, and once you notify the escrow agent that you received the goods in satisfactory condition, it releases payment to the seller.

8 ***Don't hedge your bids.*** It can be tempting to bid on more than one system at a time to decrease your chances of walking away empty-handed. The problem with this strategy is you could win more than one auction. Most auctions have strict policies about retracting bids. Some B2C sites charge a cancellation fee; most simply don't allow cancellations. Some sites might even deny you future access to their sites. If you bid, be prepared to win; if you win, be prepared to pay.

AUCTION ADDICTION

As long as you familiarize yourself with an auction site's rules, do your research before you bid, and know when to walk away, buying a PC at auction can be a thrilling and financially rewarding experience. In fact, it can be the most fun you'll have shopping online, or anywhere else for that matter. But be warned: It could be habit-forming. ▼

AUCTION HUNTING

Can't find what you're looking for? These sites help you broaden your search.

AuctionWatch.com
Using AuctionWatch.com's search and directory tools, you can track auctions on multiple sites, as well as monitor and compare prices.

Bidder's Edge *(www.biddersedge.com)*
This auction portal lets you search for auction items across multiple sites and track the status and pricing of the items you're interested in.

BidFind *(www.bidfind.com)*
Calling itself an aggregator of auction data, BidFind creates its listings using bot technology, visiting more than 400 sites and indexing more than 400,000 items.

The Internet Auction List *(www.internetauctionlist.com)*
Another auction portal, the Internet Auction List lets you search for auctions by country, state, category, or name. During our search, we saw more than 2,200 auction companies listed. —*N.A.L.*

SECTION CONTINUES ON PAGE 186